

**TOWN OF EAST HAMPTON
AGENDA REPORT**

AGENDA ITEM: 6a

DATE: October 28, 2014

SUBJECT: **Financial Advisory Services (Debt)**

DEPARTMENT: Finance

BACKGROUND

The Town of East Hampton uses a financial advisor when issuing debt. The role of the financial advisor is to provide advice and assistance to the Town in connection with the Town's debt including all bond, short-term notes and any other financing or debt instruments. The selected firm is expected to review, analyze and recommend appropriate strategies that meet the Town's financial goals, budgetary objectives and debt management standards.

The purpose of the RFP is to solicit from prospective firms the party most likely to successfully represent the Town.

The scope of the proposed services shall include the following.

- Gain an understanding of the Town's existing and planned debt as well as all Town policies related to debt and fund balance.
- Assist in the development of long-term strategic borrowing plans including debt financing and feasibility plans, terms of debt maturity and payment dates, alternative methods of financing, tax rate impact computations and other statistical information particular to the debt issuance at hand.
- Coordinate all current and future short-term and long-term debt issuances with Town officials, bond counsel and credit rating agencies, including, but not limited to:
 - Review and recommend the structure and time of issuance.
 - Prepare recommended time schedules for all phases of each financing.
 - Maintain coordination with bond counsel to meet all legal requirements.
- Assist in drafting and reviewing relevant bond and note documents, including, but not limited to, a preliminary official statement, a final official statement, a notice of sale, a bid proposal form, and a supplemental resolution.
- Proofing of the Preliminary and Final Official Statements before distribution.
- Assist in preparation of materials or presentations, discussions and meetings or other communications with rating agencies, insurers, credit enhancers and investors.
- Coordinate printing and posting of preliminary and final official statements.
- Examine all bids to determine whether all bidding requirements have been met, perform a calculation of net interest cost and make a recommendation as to acceptance or rejection of bids.
- Coordinate the final closing and settlement to have proceeds wired directly into the Town's account and the payment of any outstanding bond anticipation notes or callable bonds.
- Assist the Town in securing or providing, Paying Agency services for bonds and notes.
- Attend occasional meetings with Town officials, boards and committees and make presentations when requested.

- Perform its engagement and exercise its professional judgment solely to further the financial, management and operating interests of the Town of East Hampton.
- Advise with respect to credit enhancements and call provisions, including present value savings/cost impact.
- Advise with respect to credit rating impact of budget decisions and financial position.

Cost Summary

| First Southwest | |
|-------------------------------|--------------------|
| General Obligation Bond Sales | Fees |
| up to 30.0 million in bonds | \$ 10,500 |
| over 30.0 million in bonds | \$ 12,500 |
| Refunding Bonds | \$ 20,000 |
| General Obligation Note Sales | Fees |
| No rating | \$ 5,500 |
| with rating | \$ 7,500 |
| no Disclosure | \$ 2,500 |
| Connecticut Clients | 31 |
| | |
| Office Location | Glastonbury |

| Phoenix Advisors, LLC | |
|----------------------------|----------------|
| Per Bond Sale | Fee |
| All issues | \$ 15,000 |
| Per Note Sale | Fee |
| With Official Statement | \$ 7,500 |
| Without Official Statement | \$ 3,500 |
| Connecticut Clients | 39 |
| | |
| Office Location | Milford |

| The PFM Group | | | |
|-----------------------|-------------------|------------------|-------------|
| Bond Issue | | Minimum Fee | Maximum Fee |
| | \$1.00 per 1,000 | \$ 10,500 | \$ 18,500 |
| Note Issue | | Minimum Fee | Maximum Fee |
| BAN/TAN | \$.90 per \$1,000 | \$ 7,500 | \$ 12,500 |
| No Disclosure | \$.75 per \$1,000 | \$ 4,500 | \$ 10,000 |
| Lease Purchase | \$1.00 per 1,000 | \$ 5,000 | \$ 7,500 |
| Continuing Disclosure | | \$3,500 annually | |
| Connecticut Clients | 6 | | |
| Office Location | Providence, RI | | |

| William Blair | | |
|---------------------|--------------|-------------|
| All Securities Sold | Minimum Fee | Maximum Fee |
| \$1.50 per \$1,000 | \$ 15,000 | \$ 30,000 |
| Annual Compensation | \$ 5,000 | |
| Connecticut Clients | 3 | |
| Office Location | Wethersfield | |

RECOMMENDED MOTION

Resolved that the Finance Director be authorized to contract with Phoenix Advisors, LLS Financial Advisory Services.

ALTERNATIVE ACTIONS

Select another consultant.

FISCAL IMPACT The cost for the services depends on the frequency and type of debt issuance. The costs for services are a component of the project(s) being financed and incorporated therein.

Maniscalco, Mike

From: Sissick, Phil
Sent: Tuesday, October 07, 2014 11:18 AM
To: Maniscalco, Mike
Cc: Jylkka, Jeff
Subject: RE: Project estimates

Mike,

As you are aware, the Town must bear the design and inspection costs at 100%; in order to qualify for reimbursement the CTDOT QBS policy would need to be followed. The State also requires that a qualified inspector be present at all times when work is in progress. The estimate for inspections and work to date is noted below.

Inspection costs could potentially be reduced at Christopher Brook if Main Street was completely closed, as opposed to maintaining a lane of traffic. If the road is kept open then the State will likely require a pedestrian bridge, which would also mandate additional rights of way be taken. Unfortunately, the State holds the cards and makes the majority of decisions for these projects.

As you know, these projects were planned and started before my time with the Town.

Brewer Road

- Inspection Fees
 - \$16,730.25 billed to date (July & August)
 - \$16,484.47 in fees for September (to be billed within the next few days)
 - Estimate approximately \$20,000 in additional fees to project closeout, including final inspections (estimate another two weeks +/-) and finalizing CTDOT inspection documents for project.
- Construction Costs
 - Original Contract Value of \$361,418.00
 - There will be change orders to reflect final quantities installed. These final quantities have not be established yet. We expect additional costs in the range of \$10,000 to \$20,000 over original contract value, which, from what I understand, is less than value of the contingency funds that the State has set aside for project.

North Main Street

- Final Design
 - Est. approximately \$15,000 in final design fees to address all State comments and prepare Bid Documents for bidding – includes provisions for temporary pedestrian bridge.
- Construction Costs
 - Est. construction cost of approximately \$800,000, including 10% contingency and 25% in incidentals. This includes est. \$50,000 for temporary pedestrian bridge. These costs to be refined during final design development.
- Inspection Fees
 - Est. project duration of 30 weeks. Presume 25 weeks in field with full time inspection with additional time for contract administration and project closeout. Est. Construction phase services fees of approximately \$120,000.

Please let me know if I can provide additional information.

Best,

Phil

Philip J. Sissick, CLT
Director of Public Works
Town of East Hampton Connecticut
Phone: (860) 267-4747
Fax: (860) 267-4172

From: Maniscalco, Mike
Sent: Monday, September 29, 2014 2:45 PM
To: Sissick, Phil
Cc: Jylkka, Jeff
Subject: Cost overruns

Phil,

I have been working with Jeff on some projections. Can you give me an estimate of how much over you believe both Brewer and Christopher brook road projects will be?

Best,

Michael Maniscalco, MPA
Town Manager
Town of East Hampton
20 E. High St.
East Hampton CT, 06424

860-267-4468

Please note the change in email to: mmaniscalco@easthamptonct.gov

Follow us on Twitter @EHTown_manager

**TOWN OF EAST HAMPTON
AGENDA REPORT**

Agenda Item: _____

9a

Item to be presented by: Jeff Jylkka

DATE: October 28, 2014

SUBJECT: 2013-2014 End of Year Transfers

DEPARTMENT: General Government

BACKGROUND

Annually, as the Town is nearing completion of the annual audit staff prepares transfers in order to zero out any departmental budget deficits. The transfers are an indication of a government's budget practices and principles. These transfers also serve as a communication tool to the legislative body indicating what department(s) overspent their annual appropriation.

The Board of Finance at their October 20, 2014 meeting recommended that Town Council approve the attached 2013-2014 year end budget transfers.

See attached for detail.

RECOMMENDED MOTION

Resolved that the Town Council approve the attached budget transfers for the 2013-2014 fiscal year.

ALTERNATIVE ACTIONS

Not to approve the appropriation or amend.

FISCAL IMPACT

There is no fiscal impact. This is a budget adjustment only.

| Department | ORG | Object # | Object Name | Transfer From/To | Comment |
|--------------------------------|----------|----------|----------------------------------|-------------------|--|
| TRANSFER FROM | | | | | |
| 1 Employee Benefits | 01110000 | | 5270 Unallocated Payroll | \$ 67,183 | Actual and est. amounts for retro pay allocated to individual depts. |
| 2 Contingency | 01120000 | | 5990 Contingency | 65,000 | |
| 3 Public Works Admin. | 01510000 | | 5110 Full Time Salaries | 16,155 | 2 vacant positions for part of the year |
| 4 Public Works Engineering | 01520000 | | 5330 Professional/Tech. Services | 2,820 | |
| 5 Regular patrol | 01210212 | | 5110 Full Time Salaries | 13,376 | 2 vacant officer positions |
| | | | TOTAL | \$ 164,534 | |
| TRANSFER TO | | | | | |
| 6 Fire Marshal | 01220223 | 5611 | Supplies/Materials/Minor Equip | \$ 15 | |
| 7 Redevelopment Agency | 01460000 | 5590 | Other Purchased Services | 70 | |
| 8 Community Services | 01350000 | 5410 | Public Utilities | 150 | |
| 9 Transfer Station | 01560000 | 5430 | Bldg & Equip Maint/Repair | 295 | |
| 10 Town Manager's Department | 01010000 | 5220 | Social Security | 800 | |
| 11 Lake Patrol | 01210213 | 5130 | Overtime Salaries | 1,140 | |
| 12 Police Administration | 01210211 | 5290 | Other Employee Benefits | 1,990 | |
| 13 Community Center | 01670000 | 5430 | Bldg & Equip Maint/Repair | 2,160 | Community Center heat pump repairs |
| 14 Town Manager's Department | 01010000 | 5290 | Other Employee Benefits | 2,605 | Increase in car allowance |
| 15 Police Administration | 01210211 | 5235 | DC Plan Contribution | 4,041 | Police Chief pension contribution (not budgeted prior to hire) |
| 16 Building Department | 01410000 | 5110 | Full Time Salaries | 4,050 | See note below |
| 17 Police Administration | 01210211 | 5110 | Full Time Salaries | 7,345 | Police Chief vacation payout, retro and incentive pay. |
| 18 Finance Department | 01060135 | 5110 | Full Time Salaries | 14,925 | See note below. Merit pay |
| 19 Public Works Road Materials | 01550000 | 5690 | Other Supplies/Materials | 18,680 | Road salt |
| 20 Town Hall/Annex | 01050000 | 5430 | Bldg & Equip Maint/Repair | 20,023 | Repairs to from ramp at Town Hall. A/C replacement in server room |
| 21 Town Manager's Department | 01010000 | 5110 | Full Time Salaries | 20,700 | See note below. Town Manager vacation payout. Merit pay. |
| 22 Building Department | 01410000 | 5490 | Other Purchased Prop Services | 22,300 | Demo of 35 Day Point Rd. |
| 23 Legal Fees | 01040000 | 5331 | Legal Fees | 43,245 | Attorney fees relating to labor negotiations |
| | | | TOTAL | \$ 164,534 | |

Note: Because the NAGE union was without a contract as of 7-1-2012 and the contract settled on 9-10-2013 (after the FY 2014 budget was approved) the estimated salary increases were budgeted in unallocated payroll (Employee benefits). This method has historically been done in order to not disclose to the unions an amount we are willing or expecting to settle for. As a result, departments keep their budget frozen with the exception of step increases.

The above transfer is needed in order to zero out departmental deficits for the fiscal year end 2013-2014. This transfer also serves as additional communication to the Board of Finance and Town Council as to the operational areas in the budget that were over and under spent.

APPROVED: 10-20-14
BOARD OF FINANCE:

TOWN COUNCIL:

**TOWN OF EAST HAMPTON
AGENDA REPORT**

Agenda Item: _____

96

Item to be presented by: Jeff Jylkka

DATE: October 28, 2014

SUBJECT: Board of Education 2013-2014 Additional Appropriation (Special Education Excess Cost Grant)

DEPARTMENT: Education

BACKGROUND

The above additional appropriation is needed to cover additional costs relating to special education tuition and related services. Annually, the State of CT reimburses the Board of Education for these additional costs. The Town does not budget for the revenue and the Board of Education does not budget for the related expenditures. Annually, the amount of the grant is re-appropriated back to the Board of Education. The accounting/budgeting for this revenue is consistent with previous years and has no affect on actual revenues or expenditures, as this is a budget only adjustment. The Board of Finance recommended that Town Council approve the additional appropriation at their October 20, 2014 meeting.

RECOMMENDED MOTION

Resolved, that the Town Council approve the additional appropriation below from state grant revenue.

Estimated Revenue

| | | |
|------------------------------------|---------------|------------|
| State Agency Placement Excess Cost | 01962510-4404 | \$ 554,931 |
|------------------------------------|---------------|------------|

Appropriation

| | | |
|-------------------------------------|---------------|------------------|
| SPECIAL EDUCATION - Tuition Private | 01951000-5563 | \$ 365,000 |
| SPECIAL EDUCATION - Tuition RESC | 01951270-5560 | 137,008 |
| SPECIAL EDUCATION - Tuition RESC | 01951240-5563 | 52,923 |
| Total | | \$554,931 |

Source of Funds

State of Connecticut Excess Cost Agency Placement Grant. The BOE received a total of \$554,931 during the 13-14 fiscal year.

ALTERNATIVE ACTIONS

Not to approve the appropriation.

FISCAL IMPACT

There is no fiscal impact. This is a budget adjustment only.



**EAST HAMPTON PUBLIC SCHOOLS
ADMINISTRATIVE OFFICES**

94 Main Street
East Hampton, Connecticut 06424-1119
TELEPHONE (860) 365-4000
FAX (860) 365-4004

DIANE DUGAS
Superintendent of Schools

ANGIE LEPORE
Interim Director of Special Education
and Pupil Personnel Services

TIM VAN TASEL
Assistant Superintendent of Schools

KAREN HITCHCOCK ASETTA
School Business Manager

October 16, 2014

Memo to Superintendent Diane Dugas

Copy: Jeff Jylkka, East Hampton Finance Director
Angie Lepore, Director of Special Education and Pupil Personnel Services

Re: Special Education Excess Cost/State Agency Placement Grant from the Connecticut State Department of Education

For many years, the East Hampton Board of Education's tuition budget is prepared with tuition reduced by an anticipated excess cost amount. In other words we "over-expend" our budget in special education to the extent we anticipate the state to reimburse through the excess cost grant process.

In accordance with state statutes the town must turn over the funds to the local board of education if needed for special education expenditures.

The East Hampton Board of Finance and Town Council will consider a request for approval of an additional appropriation to transfer this state grant to offset the expenditures made by the East Hampton Board of Education in the recently completed fiscal year ending June 30, 2014.

In the past this request was put forth to the Board of Finance and Town Council by Jeff Jylkka. Last year these transfers were approved during the September 16, 2013 Board of Finance meeting, then the September 24, 2013 Town Council Meeting.

Currently the 2013-14 Board of Education operating budget is "overspent" by \$478,416 and the reimbursement is \$554,931. Upon completion of this transfer the Board of Education then return to the town approximately \$76,500. All expenditures are still subject to a final review by the Town's outside auditors.

Sincerely,
Karen Asetta
School Business

*The East Hampton School District
Preparing and inspiring our students to be innovative, responsible, contributing
members of an ever changing global society*

Town of East Hampton
Additional Appropriation / Transfer Request Form
Fiscal Year 2013-2014

Fund: General Fund
Department: Transfers Out (Capital Reserve Fund)

Additional Appropriation
Transfer



The following additional appropriation / transfer is recommended for board approval.

Transfer From

| | | | |
|-----------------|-------------|--------------------------|-------------------|
| 01110000 | 5210 | Medical Insurance | \$ 142,000 |
|-----------------|-------------|--------------------------|-------------------|

Transfer To

| | | | |
|-----------------|-------------|------------------------|-------------------|
| 01810000 | 5924 | Capital reserve | \$ 142,000 |
|-----------------|-------------|------------------------|-------------------|

Explanation

The above additional appropriation is being requested to finance the purchase of a Public Works loader that was approved as part of the 2014-2015 capital improvement plan. The original intent was to finance the equipment, but due to the favorable 2013-2014 operating results (Revenues \$39,966,570 – Expenditures \$39,814,056 = Net income \$152,514) the Town has the ability to pay cash for the equipment. If approved, the estimated net income after the transfer will be \$10,514. Total fund balance is expected to be \$4,884,326 or 12.4%. The Board of Finance unanimously recommended the transfer at their 10-20-2014 meeting.

Source of Funds

Funding is from employee benefits/medical insurance.

Proposed Resolution

RESOLVED, that the Board of Finance recommends that the Town of East Hampton approve the above transfer and transfer the same amount to the Capital Reserve Fund for costs associated with the purchase of a Public Works loader. The appropriation may be spent for acquisition and installation costs and other consultant fees, legal fees, administrative costs, and other expenses related to the project. Any unspent project proceeds shall be returned to the general fund.

Approved

Board of Finance
 Town Council

Yes

X

No

Date

10-20-2014

AGREEMENT BETWEEN THE CITY OF MIDDLETOWN AND TOWN OF EAST HAMPTON CONCERNING PRIVATE DUTY POLICE ASSIGNMENTS

WHEREAS, the City of Middletown and Town of East Hampton are both municipal corporations having their territorial limits within Middlesex County in the State of Connecticut (hereinafter "MIDDLETOWN" and "EAST HAMPTON," respectively and "the CITY/TOWN" collectively); and

WHEREAS, the CITY/TOWN desire to provide better coverage for traffic control operations at roadway construction sites and other private duty hiring requests, during those times when either CITY/TOWN is unable to fill such private duty assignments; and

WHEREAS, the CITY/TOWN desire to achieve said improved coverage and services by better utilizing existing personnel; and

WHEREAS, Connecticut General Statutes 7-148(c)(1)(A) authorizes municipalities to enter into contracts with each other and Connecticut General Statutes 7-277a authorizes municipalities to enter into police assistance agreements with other municipalities; and

NOW THEREFORE, the CITY/TOWN agree as follows:

1. **Private Duty Support.** The CITY/TOWN agree that each shall designate a municipal official (Chief of Police or designee) who shall be authorized to request the services of sworn police officers of the other municipality when required due to the unavailability of the requesting CITY/TOWN's sworn police officers to perform private duty assignments due to work schedule or other causes, included but not limited to, the inability of the CITY/TOWN to fill the assignment from its own private duty rotation list. The CITY/TOWN requesting such services shall hereinafter be referred to as "REQUESTING CITY/TOWN", and the CITY/TOWN providing such services in response to the request shall hereinafter be referred to as "REQUESTED CITY/TOWN." The REQUESTED CITY/TOWN agrees, in good faith, to provide such services, if possible, when requested.

The REQUESTING CITY/TOWN shall cooperate with the REQUESTED CITY/TOWN to provide as much information as it has available with respect to the private duty contractor, including but not limited to, contractor's name, business address, telephone numbers, and names of contact persons.

2. **No Compensation by REQUESTING CITY/TOWN.** The CITY/TOWN agrees that any services provided by the REQUESTED CITY/TOWN to the REQUESTING CITY/TOWN shall be paid for by the REQUESTED CITY/TOWN, including any overtime, mileage or similar travel expenses, and

liability, workers compensation, or other insurance expenses. The CITY/TOWN anticipate that, on average, they will each require the assistance of the other on a roughly equal basis, and that any additional burden on one CITY/TOWN be balanced, over time, by the other. Should this assumption prove incorrect, the CITY/TOWN may revise this agreement accordingly on any renewal of the term hereof.

3. **No Fiscal Impact.** The CITY/TOWN agree and intend that this agreement shall not have any unbudgeted fiscal impact upon either municipality. The private duty rates shall be paid by the private duty contractor and the REQUESTED CITY/TOWN shall be responsible for the billing and collection thereof.
4. **Term.** This agreement shall commence on the execution hereof by the Town Manager of East Hampton and the Mayor of Middletown, and shall continue in force and effect until the CITY/TOWN shall provide written notice to the other municipality that it intends to terminate this agreement. Either CITY/TOWN may withdraw from the agreement at any time upon sixty (60) days written notice. Nothing herein shall prevent the CITY/TOWN from revisiting or terminating this agreement by mutual consent at any time.
5. **No Liability/Indemnification.** The CITY/TOWN agree to waive any and all claims for liability arising out of the REQUESTED CITY/TOWN's failure, for any reason, to respond to a request for services under this agreement, it being acknowledged that both municipalities will respond in good faith to the needs of the other to the extent that it is reasonably able to do so. The REQUESTING CITY/TOWN shall indemnify and hold harmless the REQUESTED CITY/TOWN from any claim arising out of the provision of services under the agreement, and shall carry appropriate insurance to protect each other from such liability. Each municipality shall carry appropriate Workers Compensation insurance for the protection of its employees and each municipality shall be responsible for the Workers Compensation claims of its own employees.
6. **Notice.** Any notice arising under this agreement, other than the request for services set forth, shall be sent to each CITY/TOWN by certified mail.

FOR THE CITY

Daniel T. Drew, Its Mayor

Dated

FOR THE TOWN

Michael Maniscalco, Its Town Manager

Dated



Office of the COLLECTOR OF REVENUE
NANCY HASSELMAN, CCMC
nhasselman@easthamptonct.gov

October 24, 2014

To: The East Hampton Town Council

Documentation of the below listed tax refunds are available in the Tax Office for your review if you so desire. The refunds total \$454.92.

Thank you for your assistance.

Nancy Hasselman, CCMC

Nancy Hasselman, CCMC
Collector of Revenue

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| | |
|----------|---|
| 81 • 42 | + |
| 56 • 66 | + |
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| 454 • 92 | * |